

# Corporate Officers

November 2006



**Employment Security Department**  
WASHINGTON STATE

**Contact:** Office of Communication & Legislation, 360-902-9308

**Online:** [www.studies.go2ui.com](http://www.studies.go2ui.com)

## Why we did this study

Over the course of the last two legislative sessions, the state Legislature directed the department to conduct a series of six studies to learn more about the unemployment-insurance system and to determine the effects of recent law changes.

This study was specifically mandated by Engrossed Substitute Senate Bill 6885.

The goal is to evaluate current laws and policies that relate to corporate officers' benefit eligibility and personal liability for taxes due.

The complete report is available online at [www.studies.go2ui.com](http://www.studies.go2ui.com).

For more information, contact the Office of Communication & Legislation at 360-902-9308.

## What we found

**Background:** In Washington, for-profit corporations can elect unemployment coverage for their corporate officers. If a corporation does not elect coverage, those officers should not be reported as employees and should not be eligible for unemployment benefits if they lose their jobs.

The department cannot identify individual officers of corporations that do not elect coverage because those corporations are not required to provide their officers' Social Security numbers. Because of this limitation, the department relied on data from audits of for-profit corporations from January 1, 2003 through December 31, 2005 for all benefit-related information. The audit group did not include large employers or those that had been in business less than five years, so findings cannot be extrapolated to all corporate officers.

**Unemployment benefits:** The corporate officers in the study group filed 778 unemployment claims, 609 of which were paid benefits.

- 46 percent of the 778 claims were from corporations that had elected coverage, 87 percent of which were paid benefits. Fully 36 percent of the paid claims listed the last employer as a corporation that had been granted coverage within 45 days of the filing.
- 54 percent of the 778 claims were from corporations that did not elect coverage, 71 percent of which were paid benefits (details in the full report).
- 21 percent of all paid claims by corporate officers were exhausted, which means all money available for those claims was paid.
- The 609 paid claims were filed by 446 distinct individuals, which means 37 percent (163 people) collected benefits in more than one year.
- Nearly one-fourth of the officers who filed benefits were on standby.

**Personal liability:** Uncollectible corporate debts are taxes that corporations owe, but have no resources to pay. On average, corporations generate more than 1,200 uncollectible debts worth \$5.1 million each year.

In Washington, corporate officers are not personally liable for unpaid unemployment taxes, so most of this debt must be written off. It is important to note that corporate officers may be liable for unpaid taxes owed to the Departments of Labor and Industries and Revenue.

**Inaccurate reporting:** Corporations that have not elected coverage still sometimes report their corporate officers as employees, which can lead to improper payment of benefits if those officers file for unemployment. When those errors are discovered, neither the corporation nor the officer is required to pay back the benefits.

**Other findings:** Each year, more than 60 corporations applied for and were granted coverage within 45 days of closing their accounts. Other aspects of corporate officers and how they affect the unemployment-insurance system are outlined in the full report.

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## Introduction

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Federal law defines corporate officers as employees. Corporations must report and pay *federal* unemployment taxes for all corporate officers. The law further requires that corporate officers in most *non-profit* corporations be reported to the state for unemployment-insurance purposes and that they are eligible for unemployment benefits if they lose their jobs. This mandate does not extend to corporate officers in *for-profit* corporations; states determine their own laws and rules for this group.

In Washington, *for-profit* corporations can elect unemployment coverage for their corporate officers<sup>1</sup>. To be granted coverage by the Employment Security Department, they must submit a form<sup>2</sup> and be approved by the department. If a corporation does not elect coverage, it must notify its officers in writing and must keep a copy of the notification on file. Those officers should not be reported to the department as employees and should not be eligible for unemployment benefits if they lose their jobs.

Also in Washington, sole proprietors and partners are held personally liable if their businesses owe unemployment taxes, but corporate officers are not. Corporate officers may be personally liable for taxes their businesses owe for workers compensation and for certain taxes owed to the Department of Revenue.

This study examines these laws and policies. It specifically addresses how other states handle coverage for corporate officers and the effects of corporate officers on the unemployment-insurance system. The findings are based on corporate officers of *for-profit* corporations audited from January 1, 2003 through the end of 2005.

## Background

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When a new business forms in Washington, it must file a master business application<sup>3</sup> with the Department of Licensing. If the business has corporate officers, they must be listed, but they are not required to provide their Social Security numbers. This application establishes the business' Unified Business Identifier (UBI) number and its account with the Departments of Labor & Industries and Revenue and with Employment Security. Corporations also must file articles of incorporation with the Secretary of State, and renew them every year.

Businesses with employees must report those employees and pay unemployment taxes to the Employment Security Department each quarter. There are approximately 93,000 distinct *for-profit* corporations that must report each quarter.

In 2006, the state Legislature passed Engrossed Substitute Senate Bill 6885, which directed the Employment Security Department to conduct four studies and report its findings by December 1, 2006. This is one of these four studies. It covers corporate officer eligibility for unemployment insurance and personal liability for failure to pay taxes owed. The Legislature also mandated that the department explore liability issues related to inaccurate reporting of employee information. That topic

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<sup>1</sup> See Appendix A for relevant laws.

<sup>2</sup> Online at <http://fortress.wa.gov/esd/portal/unemployment/benefits/forms/5203%202-05.pdf>

<sup>3</sup> Online at <http://www.dol.wa.gov/forms/700028.html>

is touched on in this report, but applies to all business types (not just corporations) and will be covered in-depth in the *Inaccurate Reporting* study, available online at [www.studies.go2ui.com](http://www.studies.go2ui.com).

The department consulted with the Unemployment Insurance Advisory Committee<sup>4</sup> in June 2005 to determine the questions this study would answer, including the issues raised by the legislative mandate and topics that provide a broader understanding of the effect corporate officers have on the unemployment-insurance system:

### **Unemployment benefits**

- To what extent do corporate officers use unemployment benefits, whether electing coverage or not?
- To what extent are corporate officers using *standby*<sup>5</sup> when claiming benefits?

### **Personal liability**

- What is the amount of uncollectible corporate tax debt?

### **Inaccurate reporting**

- Does inaccurate reporting by corporations contribute to administrative overpayments?
- What amount of tax is refunded when corporate officers are not covered?
- How do current laws related to corporate coverage affect Employment Security's administrative workload?

### **Other findings**

- How many corporate officers are there? What percentage of all employees?
- What are the ineffective charges<sup>6</sup> for corporations that cover their corporate officers?
- If corporate officers are claiming, does experience rating go up?
- How does elective coverage affect the trust fund and socialized costs?
- To what extent are corporations SUTA dumping?
- Are there trends for employers who stop and then restart their businesses?
- How do other states handle coverage for corporate officers?

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<sup>4</sup> The Unemployment Insurance Advisory Committee is made up of representatives from both business and labor.

<sup>5</sup> People are placed on *standby* because the layoff is temporary and the employer has specified a date that the person will be called back to work.

<sup>6</sup> *Ineffective charges* are the amount of benefit charges in a fiscal year for employers in a certain rate class that are not paid back in taxes the following calendar year by employers in that rate class.

## Findings

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### Unemployment benefits

#### ***To what extent do corporate officers use UI benefits, whether electing coverage or not?***

Corporate officers are not currently required to report their Social Security numbers (they report only their names and titles) when the company applies for a Unified Business Identifier (UBI) number or when it registers with the Washington State Secretary of State. Thus, in many situations, Employment Security is unable to identify those corporate officers who file for unemployment insurance.

Of the 202,158 *active* corporate officers currently listed with the department, 47,587 have not provided Social Security numbers. More than 2,500 Social Security numbers were listed more than once for the same account, indicating that at least 1,250 additional numbers are inaccurate. In other words, the department has incomplete or inaccurate Social Security numbers for at least 48,000 (24 percent) of all corporate officers in the state.

However, the Employment Security Department conducts audits on 2-3 percent of the corporations in the state each year. As part of those audits, corporate officers' Social Security numbers are collected.

From January 1, 2003 through the end of 2005, the department audited 7,647 distinct for-profit corporations, with 15,993 corporate officers. This audit group did not include large corporations (those with 100 or more employees or with more than \$1 million annual payroll), corporations that were active less than five years or corporations that listed out-of-state addresses<sup>7</sup>.

From the audit data, the study team concluded that corporate officers filed 778 unemployment claims, 609 of which were paid benefits. They also found that ***at least*** the following occurred:

- 46 percent (358) were from corporations that had elected coverage; 87 percent (310) of which were paid benefits.
  - 36 percent of those paid claims listed the last employer as a corporation that had been granted coverage within the last 45 days.
- 54 percent (420) were from corporations that did not elect coverage; 71 percent (299) of which were paid benefits (see reasons below)<sup>8</sup>.
- 21 percent of all paid claims by corporate officers were exhausted, which means all money available for those claims was paid.
- The 609 paid claims were filed by 446 distinct individuals. That means that 37 percent of those people collected benefits in more than one year from 2003 through 2005.

**Example:** In 2003, 250 corporate officers received unemployment benefits. Of those people, 16 percent (40) also received benefits in both 2004 and 2005.

- Two-thirds of the 778 claims filed by corporate officers were from corporations that reported fewer than 11 employees in 2005<sup>9</sup>.

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<sup>7</sup> Corporations that operated in Washington, but were represented by an out-of-state company, were excluded from the audit group.

<sup>8</sup> This includes claimants who earned wage credits from other employers as well as those allowed benefits following an appeal.

While a corporation may not have elected unemployment coverage for their corporate officers, it is still possible for those officers to file a claim and receive benefits. Sometimes the department is not aware that the corporate officers are officers or officers are granted benefits through the appeals process. The usual reasons that these claims are allowed include:

- The corporation (or the legal/accounting services used by the corporation) did not fill out the Employment Security Department form<sup>10</sup> requesting coverage and states it was unaware that they needed to do that to provide coverage to their corporate officers.
- The corporation (or the legal/accounting services used by the corporation) did not tell the corporate officer that they were not covered.
- The corporation made a mistake and reported and paid taxes on its corporate officers.
- Some claimants earned wages from other employers.

### **To what extent are corporate officers using *standby* when claiming benefits?**

Of the 778 claims filed by corporate officers in the study group, nearly one-fourth (193) were placed on standby by their employers – this compares to about 9 percent of all claimants that are placed on standby<sup>11</sup>. People are placed on *standby* because the layoff is temporary and the employer has specified a date that the person will be called back to work<sup>12</sup>.

## **Personal liability**

### ***What is the amount of uncollectible corporate tax debt?***

*Uncollectible corporate debts* are taxes that corporations owe, but have no resources to pay and all collection activities have been exhausted. On average, corporations generate more than 1,200 uncollectible debts worth \$5.1 million each year<sup>13</sup>.

- 2003: 1,243 uncollectible corporate debts for a total of \$5,165,898.
- 2004: 1,214 uncollectible corporate debts for a total of \$4,944,009.
- 2005: 1,222 uncollectible corporate debts for a total of \$5,252,115.

Corporations that are in permanent uncollectible status are written off after three years. Corporations that are secured by liens and/or judgments are written off after thirteen years.

## **Inaccurate reporting**

### ***Does inaccurate reporting by corporations contribute to uncollectible overpayments?***

If a corporation does not elect to cover its officers, those officers are not eligible for unemployment benefits. However, those corporations still sometimes report hours and wages for their corporate officers. When the department identifies the error or the employer files an amended tax report, the

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<sup>9</sup> See Appendix B.

<sup>10</sup> Online at <http://fortress.wa.gov/esd/portal/unemployment/benefits/forms/5203%202-05.pdf>.

<sup>11</sup> Based on all people who received benefits from January 2002 through June 2006. See the *Repeat Episodes of Unemployment* study for more information – available online at [www.studies.go2ui.com](http://www.studies.go2ui.com).

<sup>12</sup> People are usually allowed standby status for up to four weeks a year. An extension of up to four more weeks (eight total in a benefit year) may be granted, but must be requested by the employer and pre-approved by the department.

<sup>13</sup> See Appendix C.

information is deleted and the corporation receives a refund of taxes paid. If a corporate officer files for unemployment before the correction is made, the information provided by the corporation may be used to calculate and pay benefits. Once the correction is made, the claim is invalidated and the amount of benefits paid to the officer is uncollectible<sup>14</sup>.

It is important to note that the department does not know which employees are corporate officers unless the corporation has elected coverage or the officers are identified through an audit.

### ***What amount of tax is refunded when corporate officers are not covered?***

Corporations receive a tax refund when they report corporate officers and pay taxes for them, but have not elected coverage. From 2003 through 2005, 1,463 refunds were issued to corporations for a total of \$2,025,600 (an average of \$675,200 per year). The average amount of refund was \$1,385. This reflects 4.8 percent of all refunds and 7.8 percent of the total amount of dollars refunded during that time.

In an effort to reduce the need for refunds, the Employment Security Department has undertaken numerous efforts to educate employers on reporting requirements. The department regularly runs articles on what wages to report or not report in its quarterly newsletter that is sent to all employers with their quarterly tax packages<sup>15</sup>. The department's tax form says "Unless you are approved for voluntary coverage, do not report hours and wages for for-profit corporate officers, limited liability companies..." Information is also included in the tax handbook that is available online<sup>16</sup> and in hard copy in district tax offices and WorkSource centers across the state.

### ***How do current laws affect Employment Security's administrative workload?***

The department dedicates slightly more than five staff positions (FTEs) to review corporate officer issues at a cost of over \$300,000 per year. One of these positions responds to employer inquiries. The other four audit quarterly tax reports from corporations to make sure officers are reported correctly. They correct reports that are incorrect and process refunds for corporations.

## **Other findings**

### ***How many corporate officers are there? What percentage of all employees?***

As of November 2006, 93,027 active, for-profit corporations reported 202,158 corporate officers. Because some people are officers of multiple corporations, this works out to approximately 195,000 individuals<sup>17</sup>, 6.1 percent of the approximately 3.2 million employees in Washington State.

Of the 202,158 corporate officers reported, 27,943 (14.4 percent) work for the 12,143 corporations (13.1 percent) that have elected coverage of their officers. Corporate officers with elected coverage make up 0.9 percent of the employees in Washington State.

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<sup>14</sup> For more information, refer to the *Inaccurate Reporting* study. Available online at [www.studies.go2ui.com](http://www.studies.go2ui.com).

<sup>15</sup> The Business Update newsletter is sent in hard copy to all employers that file paper forms. A link to the online version of the newsletter is sent to all employers that file electronically.

<sup>16</sup> Online at [www.taxbook.go2ui.com](http://www.taxbook.go2ui.com).

<sup>17</sup> Count of unique names provided to the department of corporate officers.

### ***What are the ineffective charges for corporations that cover their corporate officers?***

*Ineffective charges* are the amount of benefit charges in a fiscal year that are not paid back in taxes the following calendar year by employers in a specific rate class. These charges are calculated by subtracting the amount of unemployment taxes (both experience and social) paid for a calendar year by employers in a specific rate class from the amount of benefits charged to all employers in that rate class during the previous fiscal year. Ineffective charges must be paid by other employers to keep the trust fund stable.

According to the *Employers in Rate Class 40* study<sup>18</sup>, rate class 40 has substantially more ineffective charges than any other rate class; most rate classes have none because they pay more in taxes than is required to cover their benefit charges. That means that in effect, employers in other rate classes subsidize employers in rate class 40.

There were 1,691 corporations in the audit sample that elected coverage and had provided their corporate officers' Social Security numbers; 16 percent of those corporations (274) were in a rate class that had ineffective charges. The average amount of ineffective charges was \$7,130 per corporation.

### ***If corporate officers are claiming, does experience rating go up?***

Because so few corporations elect coverage and report Social Security numbers for their officers, the study team could not determine the specific effects on experience rating. However, it is important to note that when a worker claims benefits, his or her employer is normally charged for those benefits, so the experience rating and the tax rate usually would go up.

### ***How does elective coverage affect the trust fund and socialized costs?***

Elective coverage does not have a direct effect on either the trust fund or socialized costs. As corporate officers collect benefits, the corresponding corporation pays taxes, which are calculated based on the amount of benefits paid. The exception to this is corporations that are in rate class 40. More information on how employers in the highest tax rate affect the trust fund and socialized costs is available in the *Employers in Rate Class 40* study at [www.studies.go2ui.com](http://www.studies.go2ui.com).

### ***To what extent are corporations SUTA dumping?***

*SUTA dumping*<sup>19</sup> is a tax evasion scheme that some employers use to pay lower unemployment tax than they should<sup>20</sup>. It commonly involves a business closing its account with Employment Security, then reopening under a new account in an attempt to receive a lower tax rate.

The department implemented detection software in 2005 to identify and prevent SUTA dumping. To date, the department has identified and is investigating 73 businesses that have exhibited suspicious activity – 93 percent (68) of these are corporations.

### ***Are there trends for employers who stop and then restart their businesses?***

<sup>18</sup> Online at [www.studies.go2ui.com](http://www.studies.go2ui.com).

<sup>19</sup> State Unemployment Tax Act (SUTA) dumping: When an employer buys, merges or restructures a business to pay fewer unemployment taxes than it should.

<sup>20</sup> State and federal legislation was passed in recent years to close loopholes that allowed companies to SUTA dump.

Most corporations (87 percent) in the audit sample continued as active corporations during 2003-2005. Of those corporations that became inactive, 488 (or 24 percent) had elected coverage of their corporate officers.

Each year, more than 60 corporations applied for and were granted coverage within 45 days of closing their accounts.

Trends and characteristics of businesses that stop and restart their businesses are available in the *Employer Turnover* study at [www.studies.go2ui.com](http://www.studies.go2ui.com).

### ***How do other states handle coverage for corporate officers?***

Most states use the federal approach, which considers corporate officers like other employees<sup>21</sup>. Employers in these states report and pay taxes on their corporate officers. They get a federal tax credit for the state tax they pay, so pay less in federal taxes.

Fourteen states, including Washington, either exclude some corporate officers from unemployment coverage or place restrictions around benefit payments<sup>22</sup>.

- Ten states exclude officers with debt or equity interest in the corporation from coverage.
- Six states exclude family corporations from coverage.
- Two states exclude small farms from coverage.
- Five states require that the business be closed for the corporate officers to collect benefits.
- Two states (Alaska and Wisconsin) allow some election of coverage, though their laws are not as comprehensive as Washington's.

In most cases, exemption from coverage applies only if the corporate officers are exempt from federal unemployment tax. If officers are required to be covered under federal law, but are exempted from state coverage, corporations must pay the full federal unemployment tax of \$434 per employee per year. The credit-based rate is \$56. This means that corporations that pay less than \$378 in state unemployment taxes for each officer each year would actually save money if they elected coverage.

## **Scope**

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Section 24 of ESSB 6885 directed Employment Security to conduct four studies and report on its findings. This study covers the topic of corporate officers. The other three study reports (*Repeat Episodes of Unemployment*, *Employers in Rate Class 40*, and *Employer Turnover*) are available online at [www.studies.go2ui.com](http://www.studies.go2ui.com).

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<sup>21</sup> See *Introduction* section for more information.

<sup>22</sup> Other states with some exemptions: Alaska, California, Delaware, Hawaii, Iowa, Michigan, Minnesota, New Jersey, North Dakota, Oklahoma, Oregon, Texas and Wisconsin. See Appendix D for details.

ESSB 6885 specifically directed the department to report on “fraud prevention methods” regarding corporate officers. The study team reviewed these aspects:

- Corporate officer benefit eligibility, including coverage, ineffective charges and turnover
- Personal liability of corporate officers for failure to accurately report employee information and failure to pay taxes owed.

None of these areas are automatically considered fraud and many are unintended actions. For that reason, this study does not refer to these issues as fraud.

Only corporations that elect coverage are required to report their corporate officers' Social Security numbers to the Employment Security Department. Thus, the department is unable to identify corporate officers for corporations that have not elected coverage unless those corporations are audited.

The parts of this study that pertain to corporate officers receiving benefits are based on audits conducted on for-profit corporations from January 1, 2003 through December 31, 2005.

## Conclusions

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Because corporate officers' Social Security numbers are not generally reported, insufficient data are available to complete this study, especially the implications of corporate officer unemployment claims. The data do show that some corporate officers receive more benefits than the taxes that are paid on their behalf, and some are on standby and do not have to look for work while receiving benefits.

*Uncollectible corporate debts* are taxes that corporations owe, but have no resources to pay and for which all collection activities have been exhausted. On average, more than 1,200 corporations generate uncollectible debts worth \$5.1 million each year.

Corporations receive a tax refund when they report corporate officers and pay taxes for them, but have not elected coverage. From 2003 through 2005, 1,463 refunds were issued to corporations for a total of \$2,025,600. The average amount of refund was \$1,385.

The department dedicates slightly more than five staff positions (FTE) to review corporate officer issues at a cost of about \$300,000 per year.

About 202,000 corporate officers equates to 6.1 percent of the approximately 3.2 million employees in Washington State. About 14 percent work for some 12,000 corporations that have elected coverage of their officers. They make up 0.9 percent of the employees in Washington State.

Of the corporations in the study group that elected coverage, 16 percent had ineffective charges. The average amount of ineffective charges was \$7,130 per corporation.

Of the 73 businesses currently under investigation for SUTA dumping, 93 percent (68) are corporations.

Most states consider corporate officers like other employees. Fourteen states, including Washington, either exclude some corporate officers from unemployment coverage or place restrictions around benefit payments.

## Appendices

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### **Mandate for this study**

2006 Legislative Session; Engrossed Substitute Senate Bill (ESSB) 6885, Section 24:

The employment security department shall study the following and report its findings and recommendations, if any, to the unemployment insurance advisory committee and to the house of representatives commerce and labor committee and the senate labor, commerce, research, and development committee, or their successor committees, by December 1, 2006:

(4) Fraud prevention methods such as corporate officer eligibility for unemployment insurance, and personal liability of corporate officers for failure to accurately report employee information or pay taxes owed.

### **Internet resources**

Engrossed Substitute Senate Bill 6885 (ESSB 6885)

<http://www.leg.wa.gov/pub/billinfo/2005-06/Pdf/Bills/Senate%20Passed%20Legislature/6885-S.PL.pdf>

RCW 50.04.165 (Employment -- Corporate officers -- Election of coverage)

<http://apps.leg.wa.gov/RCW/default.aspx?cite=50.04.165>

RCW 50.24.160 (Election of coverage)

<http://apps.leg.wa.gov/RCW/default.aspx?cite=50.24.160>

RCW 23B.08.400 (Officers)

<http://apps.leg.wa.gov/RCW/default.aspx?cite=23B.08.400>

U.S. Bureau of Economic Analysis payroll data

<http://bea.gov/bea/regional/articles/spi2001/wagsal.cfm>

U.S. Department of Labor comparison of unemployment insurance coverage by state

<http://www.ows.doleta.gov/unemploy/uiawcompar/2004/coveragetables.htm>

### **Study team**

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## Washington State laws referring to corporate officers and unemployment insurance

### RCW 50.04.165

#### Employment -- Corporate officers -- Election of coverage.

Services performed by a person appointed as an officer of a corporation under RCW [23B.08.400](#), other than those covered by chapter [50.44](#) RCW, shall not be considered services in employment. However, a corporation may elect to cover not less than all of its corporate officers under RCW [50.24.160](#). If an employer does not elect to cover its corporate officers under RCW [50.24.160](#), the employer must notify its corporate officers in writing that they are ineligible for unemployment benefits. If the employer fails to notify any corporate officer, then that person shall not be considered to be a corporate officer for the purposes of this section.

[1993 c 290 § 2; 1993 c 58 § 1; 1991 c 72 § 57; 1986 c 110 § 1; 1983 1st ex.s. c 23 § 4; 1981 c 35 § 13.]

Source: <http://apps.leg.wa.gov/RCW/default.aspx?cite=50.04.165>

### RCW 50.24.160

#### Election of coverage.

Any employing unit for which services that do not constitute employment as defined in this title are performed may file with the commissioner a written election that all such services performed by any distinct class or group of individuals or by all individuals in its employ in one or more distinct establishments or places of business shall be deemed to constitute employment for all the purposes of this title for not less than two calendar years. Upon the written approval of such election by the commissioner, such services shall be deemed to constitute employment subject to this title from and after the date stated in such approval. Services covered pursuant to this section shall cease to be deemed employment subject hereto as of January 1st of any calendar year subsequent to such two calendar years, only if the employing unit files with the commissioner prior to the fifteenth day of January of such year a written application for termination of coverage.

[1977 ex.s. c 292 § 12; 1972 ex.s. c 35 § 1; 1971 c 3 § 14; 1959 c 266 § 6; 1951 c 265 § 8; 1951 c 215 § 9; 1945 c 35 § 104; Rem. Supp. 1945 § 9998-242.]

Source: <http://apps.leg.wa.gov/RCW/default.aspx?cite=50.24.160>

### RCW 23B.08.400

#### Officers.

- (1) A corporation has the officers described in its bylaws or appointed by the board of directors in accordance with the bylaws.
- (2) A duly appointed officer may appoint one or more officers or assistant officers if authorized by the bylaws or the board of directors.
- (3) The bylaws or the board of directors shall delegate to one of the officers responsibility for preparing minutes of the directors' and shareholders' meetings and for authenticating records of the corporation.
- (4) The same individual may simultaneously hold more than one office in a corporation.

[1989 c 165 § 100.]

Source: <http://apps.leg.wa.gov/RCW/default.aspx?cite=23B.08.400>

**Claims by corporate officers, by size of business**

<b>Average Annual Employment - 2005</b>	<b># of Firms</b>	<b>%</b>
0 - 1	125	16.1%
2 - 4	213	27.4%
5 - 10	185	23.8%
11 - 50	150	19.3%
50+	5	0.6%
Inactive	100	12.9%
Total	778	100.0%

## Detail of uncollectible corporate debt, by year, 2003 – 2005

## Appendix C

Start Date: 1/1/2003

End Date: 12/31/03

Cause	Amount of Uncollectible Debt	Number of Corporations
Bankruptcy – no assets	\$996,911	122
Compromised portions of account	\$2,578	1
Death – no assets	\$15,020	5
Defunct – No asset corp.	\$3,362,555	715
Other	\$788,834	400
Total	\$5,165,898	1,243

Start Date 01-01-04

End Date 12-31-04

Cause	Amount of Uncollectible Debt	Number of Corporations
Bankruptcy - no assets	\$1,378,984.45	117
Compromised portions of account	\$6,132.58	2
Death - no assets	\$4,186.52	7
Defunct - No asset corp.	\$2,759,882.88	608
Other	\$794,822.44	480
Total	\$4,944,008.87	1,214

Start Date 01-01-05

End Date 12-31-05

Cause	Amount of Uncollectible Debt	Number of Corporations
Bankruptcy - no assets	\$441,382.64	95
Compromised portions of account	\$20,749.05	5
Death - no assets	\$55.00	2
Defunct - No asset corp.	\$3,727,618.38	715
Other	\$1,062,309.89	405
Total	\$5,252,114.96	1,222

CORPORATE OFFICERS (14 STATES)	
State	Provisions
AK	Services are exempt only if the corporation is not a non-profit or governmental entity and the employee is an executive officer of the corporation.
CA	Exempt services performed by an individual in the employ of a corporation of which he/she is the majority or controlling shareholder and an officer if not subject to FUTA. Also exempts an officer or shareholder of an agricultural corporation unless the corporation is an employer defined under FUTA.
DE	Exempts services performed by an officer of a corporation organized and operated exclusively for social or civic purposes and only when the services performed by the officer are part-time and when the remuneration received does not exceed \$75 in any calendar quarter.
HI	An individual will not be eligible for benefits if an owner-employee of a corporation brings about his/her unemployment by divesting ownership, leasing the business interest, terminating the business, or by other similar actions. Also, excludes from coverage services for a family owned private corporation, organized for profit that employs family members who own at least 50 percent of the corporate shares provided certain criteria are met.
IA	Exempts services performed by an individual in the employ of a corporation of which he/she is the majority or controlling shareholder and an officer if not subject to FUTA.
MI	Limits benefits payable based on services performed in a family corporation in which the individual or his/her son, daughter, spouse, or parent owns more than 50 percent of the proprietary interest in the corporation to no more than 10 weeks.
MN	An individual who has been paid 4 times his/her weekly benefit amount may not use wages paid by an employing unit if the individual (a) individually or jointly with a spouse, parent, or child owns or controls 25 percent or more interest in the employing unit; or (b) is the spouse, parent, or minor child of any individual who owns or controls 25 percent or more interest in the employing unit; and (c) is not permanently separated from employment. Also exempts officers or shareholders in a family agricultural corporation.
NJ	Excludes corporate officers and individuals with at least 5% ownership of employing business.
ND	Exempts corporate officers when one-fourth or more of the ownership interest was owned or controlled by the individual's spouse, child, or parent or by any combination of them if the corporation requests exemption from coverage.
OK	Exempts services, not considered nonprofit, if he/she owns 100% of the stock.
OR	Exempts services performed by corporate officers who are directors of the corporation, who have a substantial corporation ownership interest and who are related by family, if the corporation elects not to provide coverage for the related family members.
TX	An individual will not be eligible for benefits from the date of the sale of a business and until he/she is re-employed and eligible for benefits based on the wages received through the new employment if the business was a corporation and the individual was an officer or a majority or controlling shareholder in the corporation and was involved in the sale of the corporation; or if the business was a limited or general partnership and the individual was a limited or general partner who was involved in the sale of the partnership, or the business was a sole proprietorship and the individual was the proprietor who sold the business.
WA	Exempts services performed by corporate officers. However, this exemption does not apply to corporate officers employed by nonprofit or governmental employers.
WI	The amount of base period wages used to compute total benefits payable to an individual may not exceed 10 times the individual's weekly benefit amount based on the individual's employment with a corporation or a limited liability company if one-half or more of the ownership interest in the corporation or limited liability company is or during the employment was owned or controlled by the individual's spouse or child, or by the individual's parent if the individual is under age 18, or by a combination of 2 or more of them; or a corporation, if one-fourth or more of the ownership interest in the corporation is or during the employment was owned or controlled by the individual. Also, a corporate employer having taxable payrolls of \$400,000 or less may elect not to have the principal officers covered if the officers have a direct or indirect substantial ownership interest in the corporation.

Source: <http://www.ows.doleta.gov/unemploy/uilawcompar/2004/coveragetables.htm>